



PSC NEWS

Missouri Public Service Commission

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INTERIM ENERGY CHARGE REDUCED FOR EMPIRE DISTRICT ELECTRIC CUSTOMERS

Jefferson City (June 4, 2002)---The Missouri Public Service Commission has approved an agreement which will reduce the interim energy charge for electric customers of The Empire District Electric Company by approximately \$7 million, effective June 14, 2002. According to the Company, a residential customer using 750 kilowatt-hours a month will see a savings of approximately \$1.43 a month.

The agreement approved by the Commission was submitted by The Empire District Electric Company, the Office of the Public Counsel, the Staff of the Missouri Public Service Commission and Praxair, Incorporated. The agreement was reached as a result of extensive negotiations conducted by the above parties.

As part of an electric rate case decision last September, the Commission approved an agreement reached by all parties which allowed The Empire District Electric Company to incorporate an interim energy charge on customer bills. The interim energy charge established in the case was approximately one-half cent per kwh (per kilowatt-hour) on customer bills.

The interim charge, which began in October 2001 and is due to expire on October 1, 2003, is designed to attempt to address the potential volatility in natural gas and wholesale electricity prices. The interim charge is subject to refund, with interest, depending on Empire's prudently incurred natural gas and purchased power costs over the two year period.

The agreement approved by the Commission states: "Subsequent to the inception of the IEC (Interim Energy Charge), Empire has significantly reduced its risk and its customers' risk of exposure to high-cost natural gas through the year 2005 by entering into relatively low-priced forward contracts and

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financial positions for a significant portion of its anticipated natural gas requirements. Accordingly, Empire desires to reduce the IEC charges to its customers at this time to reflect this reduced risk.”

The agreement approved by the Commission also addresses the issue of correction of a mistake involving the interim energy charge that was discovered after the Commission reached its decision in Empire’s last electric rate case in September 2001. The interim energy charge program will be considered in the context of the current Empire electric rate case before the Commission. The agreement states that Empire will forego its right to appeal the Commission’s May 9, 2002, decision which denied interim rate relief to the electric company.

The Empire District Electric Company serves approximately 126,500 electric customers in the Missouri counties of Barry, Barton, Cedar, Christian, Dade, Dallas, Greene, Hickory, Jasper, Lawrence, McDonald, Newton, Polk, St. Clair, Stone and Taney.

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